

**SCHEDULE 8-A**

**VARIABLE FEES**

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**MASTER SERVICES AGREEMENT**

**REGARDING**

**DIVISION OF FAMILY RESOURCES MODERNIZATION PROJECT**

**By and Between**

**THE STATE OF INDIANA,**

**ACTING ON BEHALF OF**

**THE FAMILY AND SOCIAL SERVICES ADMINISTRATION,**

**And**

**INTERNATIONAL BUSINESS MACHINES CORPORATION**

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**SCHEDULE 8-A**  
**VARIABLE FEES**

**1. General**

This Schedule consists of this document (Schedule 8-A Variable Fees) and the spreadsheet setting forth the Fixed Fees (Schedule 8-B Fixed Fees).

**2. Fees & Invoicing**

**2.1 Fixed Fees**

For each month of the Term, Vendor shall provide the State with monthly invoices in the amounts set forth in Part B.

**2.2 Variable Fees**

**2.2.1 General**

As of the Steady State Date and each month thereafter, IBM will measure, track and report on the State's usage of Resource Units in the category set forth in this Section using the processes and procedures in the Procedures Manual. IBM will invoice or credit the State for the Variable Fees, if appropriate, each month of the Term, beginning with the invoice for the 4<sup>th</sup> month following the Steady State Date.

**2.2.2 Baseline & Thresholds**

- a. The Baselines will be equal to the actual monthly average number of Resource Units utilized during the twelve (12) full months preceding the month in which the Steady State Date occurs.
- b. There shall be no adjustment to the Fixed Fees for any month in which the State's use of Resource Units are above or below the applicable Baseline by up to and including seven percent (7%) ("**Deadband**")
- c. To the extent the State's use of Resource Units in any consecutive three month period as of and following the Steady State Date is between the Deadband and fifteen percent (15%) below the applicable Baseline ("**RRC Bandwidth**"), on the fourth month and every consecutive month following that falls within the RRC Bandwidth, Vendor shall apply an reduced resource credit ("**RRC**") for each such Resource Unit within the RRC Bandwidth.
- d. To the extent the State's use of Resource Units in any consecutive three month period as of and following the Steady State Date is between the Deadband and fifteen percent (15%) above the applicable Baseline ("**ARC Bandwidth**"), on the fourth month and every consecutive month following that falls within the ARC Bandwidth, Vendor shall apply an additional resource charge ("**ARC**") for each such Resource Unit within the ARC Bandwidth.
- e. The Parties recognize that a variable charging methodology in this environment is unique in the industry. To the extent this methodology does not accurately reflect the variability of the environment, and to the extent the resource usage is either below the RRC Bandwidth or above the ARC Bandwidth, and such usage is material and for a sustained period of time, the Parties agree to negotiate in good faith to achieve an equitable and reasonable solution.

**2.2.3 Resource Units**

The Resource Units shall be those set forth in this Section 2.2.3.

a. Application Transaction

A resource unit in this category is a complete, formal request, submitted to Vendor via an approved application format, from a potential Client who is seeking an eligibility determination for a type of benefit they are not then receiving. This unit of work can occur for persons who are not receiving any benefits under the scope of the contract or for those actively receiving one or more benefits, but who are applying for a new type of benefit. One Application Transaction equals one RU.

**2.3 ARC & RRC Pricing**

The unit price for an ARC or a RRC during the Term shall be \$29.20 per month.

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